1st April 1961]

The motion was put and carried and the Bill was taken into consideration.

Clauses 2 and 3 were put and carried.

Clause 1 and the Preamble were put and carried.

THE HON. SRI R. VENKATARAMAN : Sir, I move—

"That the Madras Entertainments Tax (Amendment) Bill, 1961 (L.A. Bill No. 13 of 1961), as passed by the Legislative Assembly, be passed."

MR. CHAIRMAN : The question is—

"That the Madras Entertainments Tax (Amendment) Bill, 1961 (L.A. Bill No. 13 of 1961), as passed by the Legislative Assembly, be passed."

The motion was put and carried and the Bill was passed.

(3) THE INDIAN STAMP (MADRAS AMENDMENT) BILL, 1961 (L.A. BILL NO. 14 OF 1961).

* THE HON. SRI R. VENKATARAMAN : Sir, on behalf of the Hon. the Minister for Revenue, I move—

"That the Indian Stamp (Madras Amendment) Bill,[a] 1961 (L.A. Bill No. 14 of 1961), as passed by the Legislative Assembly, be taken into consideration."

By the Indian Stamp (Amendment) Act, 1955 (Central Act 43 of 1955) which came into force on 1st April 1956, the rate of stamp duty on instruments relating to transfer of shares in an incorporated Company or other body corporate has been reduced to a rate of 12 annas (75 naye Paise) for every hundred rupees or part thereof of the value of the shares and this rate is uniform throughout India. The instruments relating to transfer of debentures and those relating to transfer of debenture stocks are similar to those relating to transfer of shares. They are however chargeable in this State with *ad valorem* stamp duty equal to one half of the duty payable on a conveyance equal to the face amount of the debenture. The Government of India have stated that it has been pointed out to them that investors buy debentures, on considerations of interest yield in the same manner as they buy Government securities, that a relatively heavy stamp duty is a powerful deterrent to the ready negotiability of debentures, that, most of the debentures are in the registered form and that the stamp duty payable on their transfer imposes a heavy burden on investors and seriously restricts free negotiability. They consider that, at a time when it is sought to bring about uniformity in trading practices observed on Stock Exchanges in the country, it is not only desirable but necessary that duties on all the instruments of the nature mentioned above should, as far as possible be identical and uniform throughout the

a Printed as Appendix V on page 168 infra.

country. It is accordingly desirable that the duty on instruments relating to transfer of debentures and transfer of debenture stocks should also be reduced and fixed at the rate prescribed for transfer of shares.

The quantum of loss of revenue per annum that may result on account of the reduction of stamp duty on transfer of debentures cannot be assessed now. The Bill does not involve expenditure from the Consolidated Fund of the State. The Bill does not also involve delegation of any legislative powers.

I request the House, Sir, to accept the motion.

MR. CHAIRMAN : Motion moved—

"That the Indian Stamp (Madras Amendment) Bill, 1961 (L.A. Bill No. 14 of 1961), as passed by the Legislative Assembly, be taken into consideration."

SRI K. BALASUBRAMANYA AYYAR : Sir, we welcome this very wholesome provision. Probably, in other States this has already been made. Now, we are falling in line with other States. Debentures are marketable securities and they are negotiated in the same manner as shares. The stamp duty on shares has been reduced to 12 annas or 75 naye Paise per hundred and it follows the rate should be the same in the case of debentures. Formerly, they had an *ad valorem* duty on debentures. So, this is a welcome provision and we welcome the Bill.

THE HON. SRI R. VENKATARAMAN : I am grateful to the House for the support it has given. I hope that this piece of legislation will ensure free mobility stocks and shares in our State also.

MR CHAIRMAN : The question is—

"That the Indian Stamp (Madras Amendment) Bill, 1961 (L.A. Bill No. 14 of 1961), as passed by the Legislative Assembly, be taken into consideration."

The motion was put and carried and the Bill was taken into consideration.

Clause 2 was put and carried.

Clause 1 and the Preamble were put and carried.

3.40 p.m. THE HON. SRI R. VENKATARAMAN : Mr. Chairman, Sir, I move—

"That the Indian Stamp (Madras Amendment) Bill, 1961 (L.A. Bill No. 14 of 1961), as passed by the Legislative Assembly, be passed."

MR. CHAIRMAN : Motion moved—

"That the Indian Stamp (Madras Amendment) Bill, 1961 (L.A. Bill No. 14 of 1961), as passed by the Legislative Assembly, be passed."

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SRI K. BALASUBRAMANYA AYYAR : Mr. Chairman, Sir, I want to suggest one small matter to the Government. In clause 1 (3) it is stated that the Act shall come into force on such date as the State Government may, by notification, appoint. I think this may be given effect to immediately because this is a good thing. Since the Bill has been passed, they need not have a notification provision to bring it into force. They can bring it into force even from the 1st of April, unless they say it is 1st April and it is April Fools day. I do not see any other reason for putting it into force by another notification. The Government can very well do it immediately. That is all my submission, Sir.

* THE HON. SRI R. VENKATARAMAN : The notification provision is there because it was thought it would not be possible to pass the measure before the 31st of March 1961. If we were hopeful of getting the Bill through before that date, we would have put it as the 1st April 1961. So this is only to give the Government time to notify after the Bill is passed.

MR. CHAIRMAN : The question is—

" That the Indian Stamp (Madras Amendment) Bill, 1961 (L.A. Bill No. 14 of 1961), as passed by the Legislative Assembly be, passed."

The motion was put and carried and the Bill was passed.

(4) THE MADRAS CHIT FUNDS BILL, 1961 (L.A. BILL NO. 5 OF 1961)

* THE HON. SRI R. VENKATARAMAN : Mr. Chairman, Sir, I move—

" That the following further amendment made by the Legislative Assembly in respect of the Madras Chit Funds Bill, 1961 (L.A. Bill No. 5 of 1960), as passed by the Legislative Council, be taken into consideration :—

Clause 64.

In clause 64, as renumbered, *omit* the words 'or as compensation for the composition of any offence under this Act.''

Sir, you will remember that this House deleted clause 59 relating to composition of offences. But in clause 64 provision has been made for composition of offences. That has not been removed when we discussed the clause here. Therefore the further amendment made by the Assembly may be accepted.

MR. CHAIRMAN : Motion moved—

" That the following further amendment made by the Legislative Assembly in respect of the Madras Chit Funds Bill, 1961